

May 24, 1989

TO: Holland Shepherd, Permit Lead

FROM: Scott Johnson, Reclamation Engineer *Scott*

RE: Review of the Reclamation Estimates for the Frank M Mine,
M/017/017, and the Tony M and Lucky Strike Mines,
M/017/001, Plateau Resources, Garfield County, Utah

I have re-evaluated the reclamation costs for the Plateau Uranium Mines in Garfield County. A Board Contract was issued for the Frank M Mine on July 27, 1979 for \$46,619.00. A similar Board Contract was issued for the Tony M and Lucky Strike Mines on October 16, 1980 for \$140,637.58.

The Frank M Mine has been idle since 1980. The decline was only driven 150 feet. The only surface disturbances are several concrete foundations, the decline, a water tank, and the improved roadway. I estimate the total surface disturbance to be three acres. The reclamation cost is estimated to be \$10,000.

The Lucky Strike Mine disturbance is mostly pre-law. Although the waste dump was used for several months after the Act was enacted, the Division subsequently released Plateau of reclamation responsibility for the waste dump. The portals are the only items at this site that require reclamation.

The Tony M Mine is adjacent to the Lucky Strike Mine and has been idle since 1984. The surface facilities include a large office complex (8000 sq. ft.), and a large shop (3000 sq. ft.). Several large concrete ore bins are located between the office and portal area. The file indicates a total surface disturbance of 52 acres. The reclamation cost is estimated to be \$142,000.

Both estimates are largely based on photographs. Actual surface disturbances were not clear in the file. A field visit will be needed to verify the acreages and number of openings. Also, the results of the revegetation test plots may significantly alter the revegetation estimate.

jb
Attachment
cc: Lowell Braxton
MN17/39

Reclamation Estimate for the Frank M Mine M/017/017

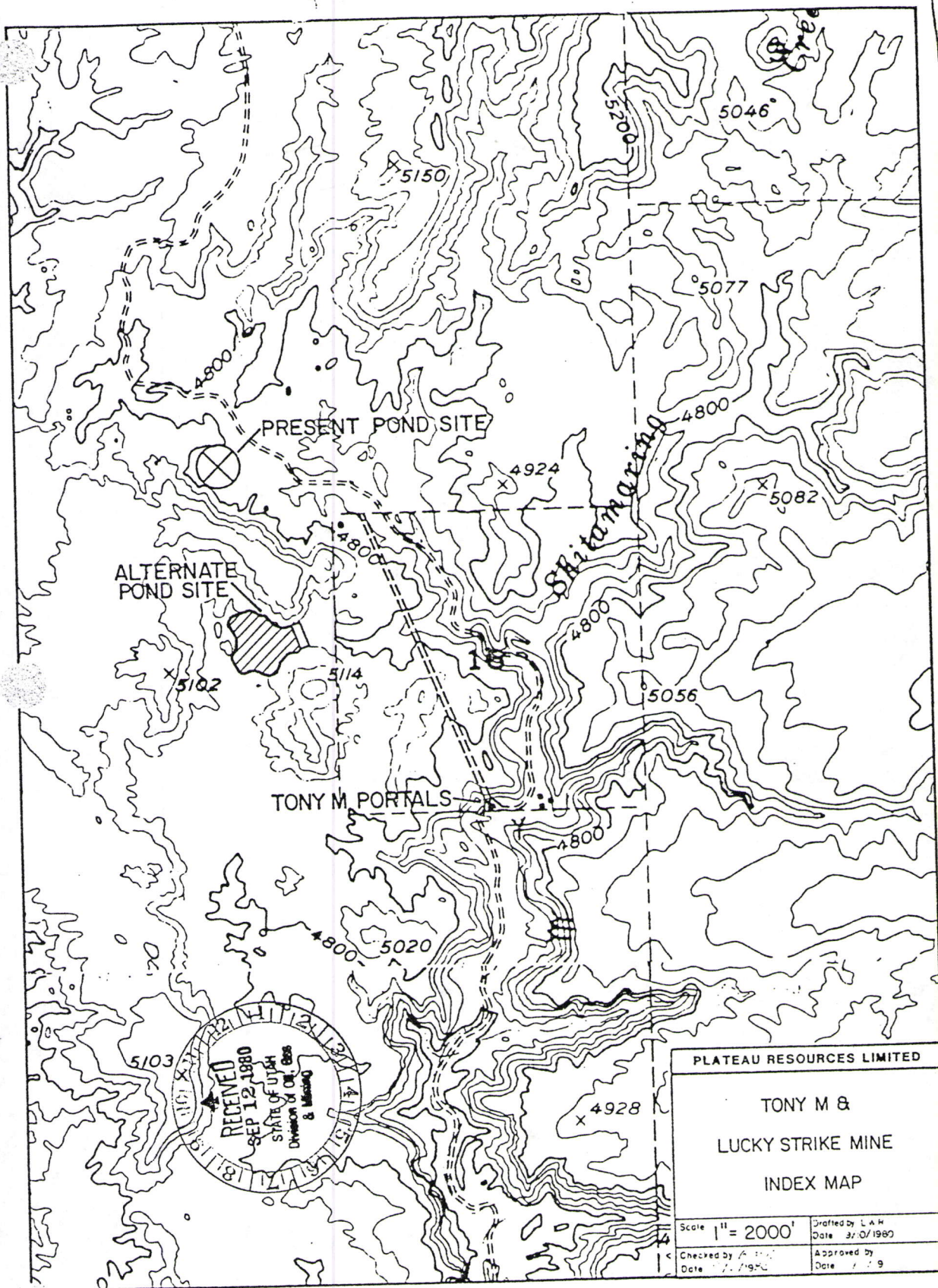
Prepared By
Utah State Division of Oil, Gas and Mining
May 23, 1989

Description	Quantity	Unit	\$/Unit	Total Cost (\$)
Facilities Reclamation				
Break-up and Bury Concrete Foundations	2,000	Square Feet	1.80	3,600
Demolish and Dispose of Water Tank		Lump Sum		1,500
Backfill Decline	600	Cubic Yards	0.65	390
Remove Trash	3	Acres	100	300
Grade for Uniformity	3	Acres	400	1,200
Revegetate (a)	3	Acres	447	1,340
Totals				8,330
Add Contingency (10%)				830
TOTAL RECLAMATION COST (1989 Dollars)				9,160
TOTAL RECLAMATION COST (1994 Dollars) @ 1.93% Annual Inflation				10,000

Note:

(a) Test plots were initiated at the Tony M Mine in 1987 by Plateau. The success of these plots will determine the required revegetation method.

Revegetation Cost per Acre	Quantity	Unit	\$/Unit	Total Cost (\$)
Bare Costs				
Fertilizer	100	Pounds	0.25	25
Seed Mix	20	Pounds	9.00	180
Native Hay Mulch	2	Tons	50	100
Subtotal				305
Application Costs				
Native Hay Mulch (spread by hand)	3.0	Hours	24	72
Native Hay Mulch (disc into ground)	0.3	Hours	67	23
Fertilizer (broadcast by hand)	0.5	Hours	24	12
Seed Mix (drilled)	0.5	Hours	24	12
Scarify (tractor with chain)	0.3	Hours	67	23
Subtotal				142
Total Revegetation Cost per Acre				447



FORM MR-RC
Revised 2/17/89
RECLAMATION CONTRACT

File Number _____

Effective Date _____

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
(801) 538-5340

RECLAMATION CONTRACT

---ooOoo---

For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.) Act/017/001
(Mineral Mined) Uranium

"MINE LOCATION":

(Name of Mine)	<u>Tony M and Lucky Strike Mines</u>
(Description)	<u>Underground mine located in</u> <u>the eastern portion of Garfield</u> <u>County, Utah</u>

"DISTURBED AREA":

(Disturbed Acres)	<u>52 Acres</u>
(Legal Description)	<u>Exhibit A</u>

"OPERATOR":

(Company or Name)	<u>Nuclear Fuel Services, Inc.</u>
(Address)	<u>205 Banner Hill Road</u> <u>Erwin, Tennessee 37061</u>
(Phone No.)	<u>(615) 743-7134</u>

"OPERATOR'S REGISTERED AGENT":

(Name)

(Address)

(Phone No.)

F. Alan Fletcher

Pruitt, Gushee & Fletcher

1850 Beneficial Life Tower

Salt Lake City, UT 84111

(801) 531-8446

"OPERATOR'S OFFICER(S)":

Paul F. Schutt

"SURETY":

(Form of Surety - Exhibit B)

Cash

"SURETY COMPANY":

(Name, Policy or Acct. No.)

"SURETY AMOUNT":

(Escalated Dollars)

\$140,637.58

"ESCALATION YEAR"

1989

*pfS
pay*

"STATE":

State of Utah

"DIVISION":

Division of Oil, Gas and Mining

"BOARD":

Board of Oil, Gas and Mining

EXHIBITS:

Revision Dates:

A "DISTURBED AREA":

B "SURETY":

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between Operator and the Board.

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. Act/017/001 which has been approved by the Division under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim the Disturbed Area in accordance with Operator's approved Reclamation Plan and Operator is obligated to provide surety in form and amount approved by the Board, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Board and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the Notice of Intention, and the Reclamation Plan.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Board, which surety is in the form of the surety attached hereto as Exhibit B and made a part hereof. The surety shall remain in full force and effect according to its terms unless modified by the Board in writing.
3. Operator agrees to pay public liability and property damage claims resulting from mining as determined by the Board or the Division, to the extent provided in the Act.

4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, and the Reclamation Plan.
5. The Operators liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention and the Reclamation Plan.
6. Operator agrees to indemnify and hold harmless the State, Board and Division from any claim, demand, liability, cost charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents, and employees, or contractor to comply with this Contract.
7. Operator may, at any time, submit a request to the Board to substitute surety. The Board, in its sole judgment and discretion, may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
8. This Contract shall be governed and construed in accordance with the laws of the State.
9. If Operator shall default in the performance of the obligations heretofore, Operator agrees to pay all costs and expenses, including attorneys fees and costs generated by the Division and/or the Board in the enforcement of this Contract.

10. Any breach of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Division, or Board, as appropriate, may revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety, or take such other action as is authorized by law.
11. In the event of forfeiture of the Surety, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this contract. Any excess monies resulting from forfeiture of the Surety, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
12. This Contract represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
13. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

SO AGREED this _____ day of August, 1989.

APPROVED AS TO FORM AND AMOUNT OF SURETY:

By _____
Chairman, Board of Oil, Gas and Mining

DIVISION OF OIL, GAS AND MINING:

By _____
Director Date

STATE OF Utah)
) ss:
COUNTY OF Salt Lake)

On the _____ day of August, 1989, personally appeared before me, who being by me duly sworn did say that he/she, the said _____ is the Director of the Division of Oil, Gas and Mining, Department of Natural Resources, State of Utah, and he/she duly acknowledged to me that he/she executed the foregoing document by authority of law on behalf of the State of Utah.

Notary Public

Residing at: _____

My Commission Expires:

OPERATOR:

By

Paul F. Schutt

Corporate Officer - Position

August , 1989

Date

Paul F. Schutt, Managing

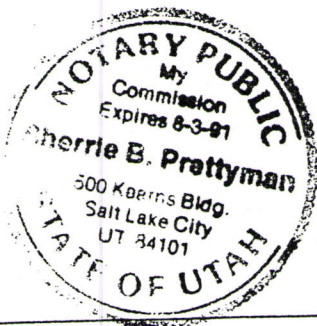
General Partner CHAIRMAN

STATE OF Utah)

ss.

COUNTY OF Salt Lake)

On the 8th day of August, 1989, personally appeared before me Paul F. Schutt who being by me duly sworn did say that he/she, the said Paul F. Schutt is the Managing General Partner CHAIRMAN of Nuclear Fuel Services, Inc. and duly acknowledged that said instrument was signed on behalf of said company by authority of its bylaws or a resolution of its board of directors and said Paul F. Schutt duly acknowledged to me that said company executed the same.



Sherrie B. Prettyman
Notary Public
Residing at: Salt Lake City, UT

My Commission Expires: 8/3/91

Surety (Company)

Date

STATE OF _____)
) ss:
COUNTY OF _____)

On the _____ day of _____, 19____, personally appeared before me _____ who being by me duly sworn did say that he/she, the said _____ is the _____ of _____ and duly acknowledged that said instrument was signed on behalf of said company by authority of its bylaws or a resolution of its board of directors and said _____ duly acknowledged to me that said company executed the same.

Residing at:

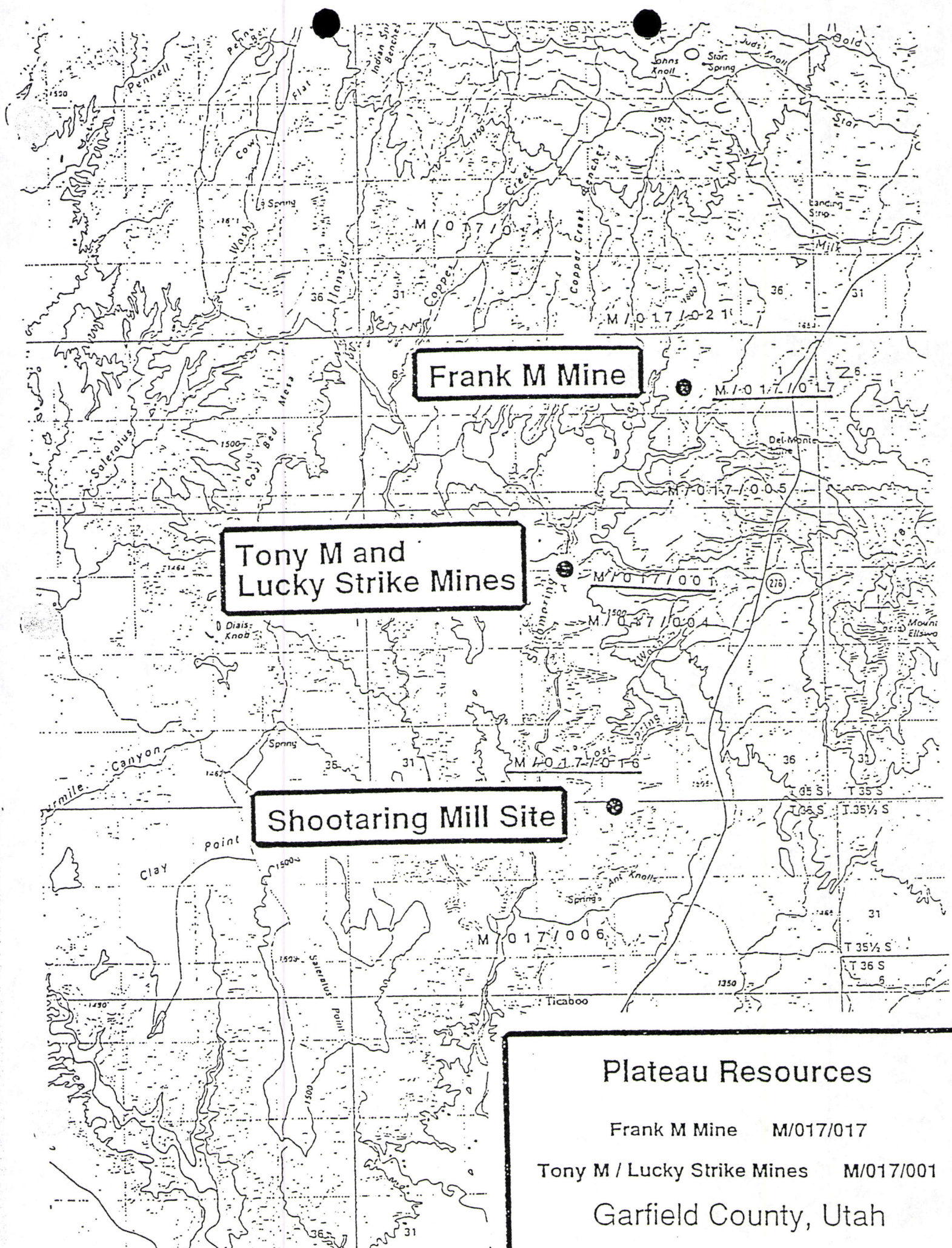
My Commission Expires:

NOTE: An Affidavit of Qualification must be completed and attached to this form for each authorized agent or officer. Where one signs by virtue of Power of Attorney for a company, such Power of Attorney must be filed with this Contract.

APPENDIX A (Exhibit A, Reclamation Contract)

The Tony M and Lucky Strike Mines are located in the SE 1/4, SW 1/4 and SW 1/4, SE 1/4, Section 16, T. 35 S., R. 11 E., and NE 1/4, NW 1/4 and NW 1/4, NE 1/4, Section 21, T. 35 S., R. 11 E. Also set apart from the disturbed area is a mine waste water disposal facility which is located in the SW 1/4, NE 1/4 and SE 1/4, NE 1/4, Section 17, T. 35 S., R. 11 E., Garfield County, Utah.

A map of suitable scale depicting actual disturbed areas of the mining operation has previously been filed with the Division of Oil, Gas and Mining and is identified as "Map #7-TM-7."



Frank M Mine

Tony M and
Lucky Strike Mines

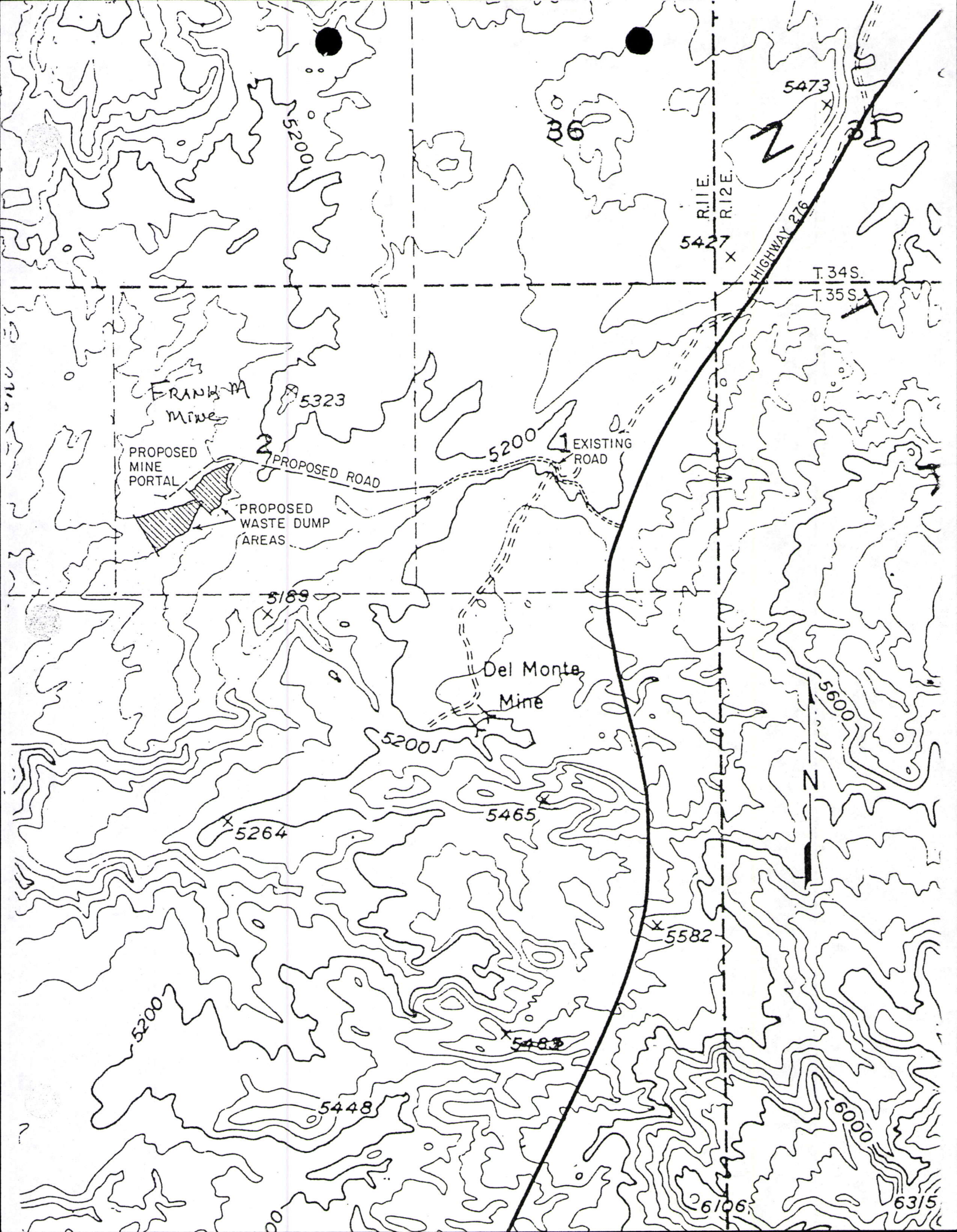
Shootaring Mill Site

Plateau Resources

Frank M Mine M/017/017

Tony M / Lucky Strike Mines M/017/001

Garfield County, Utah



August 9, 1989

Rec DOGM 8/9/89 L#3

HAND DELIVERED

Mr. Lowell Braxton, Associate Director
State of Utah
Department of Natural Resources
Division of Oil, Gas and Mining
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203

Dear Lowell:

Plateau Resources plans to sell its Garfield County mineral properties, including its Tony M/Lucky Strike mine (File No. Act/017/001) and Frank M mine (File No. Act/017/017), to Nuclear Fuel Services, Inc. ("NFS"). We are enclosing signed transfer documents, including Reclamation Contracts, for each mine. The reclamation costs were reevaluated by Scott Johnson in May of this year. We are enclosing a copy of Scott's memorandum.

NFS proposes to provide surety for each project in the form of a cash deposit in the amount of the reclamation costs shown in Scott's memorandum. The cash is currently in escrow at Pruitt, Gushee & Fletcher and will be deposited with the Division when the transfers have been approved. NFS may eventually seek to change the form of the surety to a corporate bond or other acceptable form of surety and to reduce the amount of the surety on the Frank M in light of the limited area that has been disturbed.

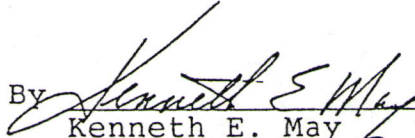
The sale to NFS is contingent upon DOGM approval of the transfers and BOGM approval of the form and amount of the substitute sureties. We request, therefore, that DOGM review the permit transfers as expeditiously as possible and that the matters be brought before the Board at its August 24 meeting.

Mr. Lowell Braxton
August 9, 1989
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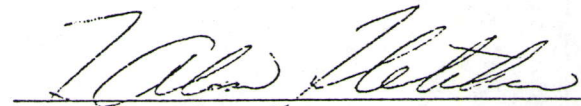
We will be happy to answer any questions that you may have.

Very truly yours,

PLATEAU RESOURCES LIMITED

By 
Kenneth E. May
General Manager

PRUITT, GUSHEE & FLETCHER,
Attorneys for Nuclear Fuel
Services, Inc.

By 
F. Alan Fletcher

Enc. A/S

cc: Dr. Dianne R. Nielson

(0224G)